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INDIGENOUS MERCHANTS AND THE COROMANDEL TRADE: A STUDY OF EIGHTEENTH CENTURY VIZAGPATNAM

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Abstract

Merchants and traders played a seminal role in the making of the modern world, contributing to the transformation of economies and societies. This was particularly true in the period in which European economic expansion was knitting the world into a modern economic system. The interaction between metropolitan economies and those of the periphery was mediated by merchants, whose responses to the changing economic configurations need to be studied, therefore, if the dynamics of colonialism are to be understood. As elsewhere, even on the Coromandel Coast these merchants played a dynamic role in furthering colonial economy. The arrival of the European companies on the Coromandel Coast, and later, the political conquest of the region by the English East India Company, completely altered the status of these merchants. The paper titled *Indigenous Merchants and the Coromandel Trade: A study of Eighteenth Century Vizagpatnam* look into the key role played by the most influential Telugu merchants of Vizagpatnam in the 18th century.



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The Vizagpatnam port rose into prominence in the eighteenth century largely as a result of the European appropriation of Asian trade and due to the rigorous economic intervention of the local elite in the economy.¹ Despite the political situation being volatile because of the Mughal intervention in northern Coromandel in the last decade of the seventeenth Century, the economy displayed considerable resilience and even displayed signs of development which fostered the growth of Vizagpatnam into a major port town. Various economic forces such as intense commercialisation of agriculture and monetisation further facilitated this growth.

The attempts made by the European commercial powers, during this time, were aimed at having direct contact with the producers and eliminating the intermediaries, who amassed huge wealth at the expense of the consumers as well as the producers. But a variety of factors that were prevailing in India at that time compelled them to employ the local interpreters, brokers, merchants who in course of time thrived and enhanced their capital. There were a number of middlemen who were considered indispensable for the English East Indian Company's commercial activities.

¹ sinnapah Arasaratnam, *Merchants, Companies and Commerce on the coromandel Coast, 1650-1740*, Oxford University, New Delhi, 1986, pp.162-165.

In the commercial transactions of the Coromandel coast the local merchants were predominant for their role in wholesaling, retailing, brokerage and banking.² They had gained considerable expertise in the textile trade through their age old transaction with the South East Asian and West Asian countries. For the collection of commodities they moved far and wide in the



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hinterland.³ They procured different sorts of commodities and despatched to the market concerned according to the demand and earned incredible profits. From this came a large number of wealthy and large scale merchants and wholesale dealers in a variety of goods.⁴ The entry of the European companies made these native merchants work with them as suppliers of commodities and they accumulated enormous wealth in this process at the earlier stages.

There were a number of factors which were responsible for the dependence of the European companies on the native merchants to operate their commercial activities. The advent of the foreign companies in India in the early part of the seventeenth century brought the inland production centres and commerce to get involved with the country's overseas trade. The necessity of establishing contacts with such centres of production was felt both by the native and foreign merchants which in turn helped for the emergence of a well-organised group of merchants as brokers or intermediaries.⁵ This group enabled the foreign merchants to free themselves from the problems of procurement of commodities.

Since Europeans were quite new to this land they faced problems while dealing with the local producers for commodities. They were not able to get along without the help of intermediaries who was familiar in the local market system and in acquiring commodities. At

² Jean-Baptiste Tavernier, *Travels in India*, ed. Crooke, Vol.II, Macmillan and Co., London, 1925, p.144; Sinnapah Arasaratnam, op.cit., p.215.

³ Sinnapah Arasaratnam, op. cit., pp.215-16.

⁴ E. Thurston, *Caste and Tribes of Southern India*, Vol.I, pp.92-96, Government press, Madras, 1909; Ninnapah Arasaratnam, op.cit., p.217.

⁵ Jan Qaisar, "The role of Brokers in Medieval India", in the *Indian Historical Review*, Vol.1, No.2, 1974, P.223.



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the time of the arrival of the Europeans the market system which was prevalent in India was strange for them. The European merchants or factors were really hampered by the complexities of the monetary system and the varying weights and measures.⁶ The lack of the knowledge of the market operations led them to get the support of the indigenous merchants who procured goods from them.⁷

The production centres of different commodities were widely scattered all over India in the distant hinterland. This necessitated the European companies to engage some indigenous merchants, who were familiar with the local mode of production to arrange the supply of required items and act as link between the producer and the companies.⁸ The production capacity of these centres to meet the demand for a single commodity was very low. So to procure the goods by moving far and wide, The help of the merchants was quite indispensable for the companies and in turn the Indian merchants became the link for the procurement.

Certain specialised production centres in the manufacture of commodities forced the companies to have recourse to indigenous merchants. A glance at the textile industry on the Andhra coast shows that there was not a single centre capable of meeting the demands of one foreign company in all sorts of textiles.⁹ Moreover, there were a number of competing buyers in the market for the same type of goods. This situation created a demand for the services of a number of local merchants to contact manufactures and to acquire commodities for the companies from different centres. As a result, a good number of indigenous merchants were engaged simultaneously in the expansion of trade and commerce.

6 H. Dodwell, *Calender of Madras Despatches 1744-45*, Vol.V, madras, 1920, p.93.

7 I. Chicherov, *India: Economic Development in the sixteenth Eighteenth Centuries*, Moscow, 1971, p.119; Jan Qaisar, op. cit., p.230.

8. Vijaya Ramaswamy, *Textiles and weavers in Medieval South India*, Oxford University Press, Delhi, 1985, p.147.

9 Jan Qaisar, op. cit., p.240



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The primary job of a merchant was to procure cloth and other goods from the wide-spread weaver's settlements through their servants at cheaper rates for the companies and to dispose of their goods at a favourable price.¹⁰ through this role they acted as a link between the primary producers and the European companies. They received commission for the service rendered.

The native merchants also supervised weavers in the production process to maintain standardization of the pods according to the musters and worked to the perfection of the pattern.¹¹

When the English came to Vizagpatnam they found that the naïve merchants were prosperous and financially sound through their hereditary commercial enterprises. Since the English company was facing financial difficulties in the early stages, the members of the Company thought that they could get monetary support from the local merchants to continue their trading operation without hindrance.

Thus, the expansion of the economic sub-structure was rooted through the active participation of the local chiefs in building up strong revenue resources base in agriculture and local trade.¹²

In the fast changing political environment, these people created an economic space of their own and emerged as politico-military entrepreneurs with diverse interests such as agrarian expansions, intervention in trading activities, especially grain markets to the ports of Ganjam, Vizagpatnam and Kakinada. Grain was cheap at Vizagpatnam which had its impact on the weaving economy of the region as well. The money generated through commercialisation was invested in political aggrandizement.

¹⁰ E.F.I., Vol.V (1634-1636), pp.79, 230; Vijaya Ramaswamy., op. cit., pp.143-144.

¹¹ Vijaya Ramaswamy, op. cit., p. 147.

¹² C.A. Bayly for instance has studied the role of various categories of men like the local Mahajans, Mughal officials which included mansabdars, petty kings and finally the great household who participated in trade and other allied activities in the eighteenth century north India. See, C.a. Bayly, *Indian Society in the Age of British Expansion*, The New Cambridge history of India, Cambridge, 1991; and his earlier work, *Rulers, Townsmen and Bazaars*, Cambridge University press, Cambridge, 1988.



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Unlike in Masulipatnam which was dominated by trans-oceanic Asian traders such as Mir Jumla and Madanna, the situation at Vizagpatnam was quite different. Here, the trade was more localised and the mediation between the agrarian economy and trade was indirectly conducted by tributary *raju* and *velama* clans. These local political elements were instrumental in creating necessary conditions which fostered trade in the port of Vizagpatnam. In a situation where the European commerce made considerable inroads into the local economy, it was these local chieftains who acted as sole arbitrators between the production economy and the English East India Company in the eighteenth century.

In the fluctuating political fortunes between the *raju* and *velama* clans and the Mughal *faujdar*s on the other hand, private finance of the Company to local political players became significant. However, neither of the parties followed any clear cut rules and regulations as to whom the finance was to be provided. Financially, the English East India company emerged as the main arbitrator, while the local merchants such as Budde Narrain and Jagappa mediated between the Company and the local elite. In fact the company's existence at Vizagpatnam depended on its flexibility to finance the local powers. It is with this background that this paper proposes to study the role of private merchants at the port of Vizagpatnam in the eighteenth century.

Vizagpatnam came into the regular English network of trade largely because of active participation of private traders. Though the English established a regular factory in 1682 CE, the initial benefits of the trade went to private traders. In the early English records, private traders such as Richard Brown, Samuel Fleetwood and Clement du Jardin were involved in regular private trade at Vizagpatnam and with local merchants.¹³

¹³ RFSG, Despatches from England, Public Department, Vol. 7, 1685, p.95 and RFSG, Dairy and consultation Book, 1688, p.107-108.



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Scattered references do not allow any deeper study on the affairs of chief merchants at Vizagpatnam. However, the name of the Budde narrain stands out in the history of early economic history of Vizagpatnam for the period under study. It is not clear when Budde Narrain joined the company service. His name was mentioned in the contest of non-payment of debts to the Company which stood outstanding for over eight year. In 1698 CE alone, he owed the company a sum of 63,914:6:8 pagodas and did not pay the debts owing the ‘constant succession of war and famine, seconded with scarcity of cotton.’ Simon Holcombe, the chief of Vizagpatnam who appointed Budde Narrain was always suspicious of Budde Narrain and constantly sent reports of his private transactions to Madras council.¹⁴

It is clear that for unknown reasons, Budde Narrain left the Dutch service and joined the English East India Company at Vizagpatnam. Budde Narrain who was the chief merchant for the company for more than a decade fell in disfavour of Simon Holcombe. Simon Holcombe, the politically motivated chief of Vizagpatnam favoured Jagappa, a prominent Brahmin which abruptly ended Budde Narrain’s career. Jagappa was a typical example of those many social elements who provided capital, knowledge and support to European companies in pre-modern India. Jagappa mediated between the English company and local chiefs and heralded a new phase of collaboration between local politics and English commerce. He stood as surety to the parties in various economic transactions between the company officials and the local chiefs. The trade at Vizagpatnam was dominated by Jagappa in the first decade of the eighteenth century. His mercantile activities in textiles and grain spread as far as Gangam, Kalingapatnam and Sonapur. While there is no information on the volume of trade he conducted , sources reveal his unscrupulous ways of eliminating other merchants of

¹⁴ RFSG, letters to Fort St. George, 1699-1700, p.231.



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Vizagpatnam and its adjacent Bhimlipatnam. However, we have no information on whether the traded with the Dutch at Bhimlipatnam. In a petition of Freeman, the chief of Vizagpatnam to Madrasapatnam Council, Budde Narrain & Co graphically described how they became the victims of Jagappa's manipulations in trade which ousted him from chiefmerchantship.¹⁵ The strength of Jagappa lay in the close political relations he maintained with politico-military entrepreneurs and the company at Vizagpatnam. Other prominent merchants who traded with the English Company were Consium Linganna, a raw cotton merchant, Gunny Narso, traded in grain and cotton, and Cossavavera who brought cotton to Vizagpatnam.

Private trade was an import component of Vizagpatnam port. From the point of view of Coromandel merchants, the difference between company trade and the private activities of English factors was quite hazy. All most all the Indian merchants such as Budde Narrain, Jagappa, Linganna traded openly with the private trade of Richard Brown, Sherars, Samuel Fleetwood, Simon Holcombe etc. The appointment and the subsequent dismissal of Budde Narrain from chief merchant ship was due to some differences in private trade conducted with Simon Holcombe. Private trade which centred around Vizagapatnam was mostly carried in rice and grain to be sent to southern Coromandel. There is also no doubt that the Vizagpatnam and Bengal links which got crystallized in the eighteenth century brought private traders directly into the intra-Asian network as well. In addition, some of the private merchants took adjacent places on revenue farm from the Mughals.

The Company soon realized that the most of the cloth production areas were located in the areas dominated by the local raju's and compulsions of procuring the merchandise pushed the companies to establish direct contact with them. This collaboration helped the English

¹⁵ RFSG, *Diary and consultation Book*, 1706, p.22



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Company in many ways. Firstly, as the records themselves testify, transportation of goods from the hinterland to the port went unhindered in an otherwise was ravaged economy. Secondly, the relations also brought the companies closer to the local Hindu merchants who in turn had close relationship with the chiefs of the region. It is a more or less established fact that Hindu merchants derived specific advantages of working with European companies and vice versa. During this period the chiefs of coastal Andhra especially maintained Hindu merchants for the sake of finances and for the necessary expansion of commercial sector on which their politics depended. Jagappa is just a case in point.

Thus, the local merchants played a crucial role in changing the economic and political fortunes of European companies at the Vizagpatnam port in the seventeenth and eighteenth centuries. They not only acted as merchants but were also involved in wholesaling, retailing, brokerage and banking.